Senate Budget & Fiscal Review
Senator Wesley Chesbro, Chair

Subcommittee No. 3
on
Health, Human Services, Labor, and Veterans Affairs

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4170 Department of Aging

The Department of Aging (CDA) is the state agency designated to coordinate resources to meet the long term care needs of older individuals, to administer the federal Older Americans Act and the State Older Californians Act, and to work with Area Agencies on Aging to serve elderly and functionally impaired Californians. The Department provides services under (1) Senior Nutrition Services; (2) Senior Community Employment Services; (3) Supportive Services and Centers; and (4) Special Projects. The Department's **budget is reduced by $2.2 million (1.2 percent)** in the budget year. The **General Fund contribution** to the Department **is reduced by $6.4 million or 16.7 percent.**

Additionally, the Senate and Assembly have approved current year reductions to the Department's budget that total $2.1 million general fund.

Summary of Expenditures (dollars in thousands)	2002-03	2003-04	$ Change	% Change
General Fund	$38,342	$31,910	-$6,432	-16.7
State HICAP Fund	1,604	1,604		
Federal Trust Fund	138,182	139,124	942	0.7
Federal Citation Penalties Fund		2,332	2,332	100.0
Reimbursements	5,941	6,866	925	15.6
Total	$184,069	$181,836	-$2,233	-1.2

ITEMS FOR INFORMATION ONLY

1. Linkages

Background: The Linkages program is a case management program that serves frail elderly or functionally impaired adult clients. Linkages targets persons who do not qualify for Medi-Cal or who are functionally impaired but do not meet the age requirement of other programs. The program operates on a fixed funding basis and is not an entitlement. There are currently 36 Linkages sites, each with 100 client slots. Linkages operates at an approximate cost of $1,500 per client and is an important part of California's community based alternatives to nursing home care. The program is solely funded by the general fund.

The budget provides $8.26 million general fund to fully fund the Linkages program in the budget year. The program is estimated to serve 5,517 clients in 2003-2004.

2. Multipurpose Senior Services Program

Background: The Multipurpose Senior Services Program (MSSP) provides case management services to frail elderly or functionally impaired adults that are eligible for SSI/SSP and for the Medi-Cal program. MSSP operates on a fixed funding basis and is not an entitlement. There are currently 41 MSSP sites across the state serving a total caseload of 12,657. MSSP operates at an approximate cost of $4,000 per client and is an important part of California's community based alternatives to nursing home institutionalization. State and federal funds, at an approximate ratio of 1 to 1, fund MSSP.

Because MSSP is funded through a Medicaid waiver, **it is subject to the proposed across-the-board 15 percent Medi-Cal rate reduction. The Department of Aging is proposing to effectuate the Medi-Cal rate reduction by reducing the number of MSSP slots** instead of reducing provider rates. The department believes this is necessary to ensure the continued participation of providers in the program. This policy proposal may result in the institutionalization, at higher costs to the state, of the individuals who lose MSSP services.

The Subcommittee will consider the proposed MSSP reduction as part of the Medi-Cal rate reduction discussion during its deliberations on the Department of Health Services' budget.

ITEMS FOR DISCUSSION

1. Eliminates the Senior Housing Information and Support Center

Background: The Senior Housing and Information Center serves as a statewide clearinghouse on senior housing options and home modification alternatives. It was created to assist seniors and persons with disabilities to live independently or with their families throughout their lifetimes. The center provides information, training and technical assistance to local community agencies concerning the benefits of assistive devices and home modification options. The center was established as a component of the Aging with Dignity Initiative of the Governor's proposed 2000-2001 Budget Act.

The Center is somewhat duplicative of other activities, housed within the Departments of Rehabilitation and Housing and Community Development, designed to provide information concerning assistive technology support to persons with disabilities, including seniors. In previous years, the subcommittee has directed CDA to coordinate efforts to address issues of assistive technology, housing options, and home modifications.

Governor's Proposed Budget: The budget proposes to **eliminate funding for the Senior Housing Information and Support Center for savings of $787,000.**

Subcommittee Request and Questions: The Subcommittee has requested the Department of Aging to provide a brief summary of the request and how it will affect the California's ability to comply with the *Olmstead* decision.

Budget Issue: Does the subcommittee want to approve the proposed reduction?

2. Respite Registry Program Elimination

Background: The Respite Registry Program, established within the Department of Aging by AB 2800 (Granlund), Chapter 1097, Statutes of 1996, provides temporary or periodic services to frail or elderly adults with functional impairments to relieve persons who are providing care, recruits and screens providers, and matches respite providers to clients. The program began as a pilot project in 1996 and it was expanded statewide in 1998-99. Today the program operates at 16 sites throughout the state.

Direct service contractors carry out program activities and serve as a respite care information and referral agencies that recruit and screen providers, and maintain a registry containing the contact information of participating providers. They operate local programs with limited funds and have flexible standards to screen providers. The limited availability of resources to administer the program limits the ability of contractors to appropriately screen providers. Further, program expansion and effectiveness has been adversely affected by serious liability concerns stemming from the referral of inadequately screened providers.

According to the Department of Aging, the Respite Registry program received 2,875 contacts in 2001-2002. Of these, 1,438 resulted in successful matches. It is not known how many providers are currently registered with the program.

Governor's Proposed Budget: The budget **proposes to eliminate funding for the Respite Registry Program for savings of $135,000 and proposes legislation to eliminate the statutory authority for the program.**

Subcommittee Request and Questions: The Subcommittee has requested the Department of Aging to respond to the following questions:

1. Provide a brief summary of the request and its implications to service providers and recipients.
2. Discuss any services available to assist persons in securing respite care.
3. Discuss how this proposal will affect California's compliance with the *Olmstead* decision.

Budget Issue: Does the subcommittee want to approve the proposed reduction? Does the subcommittee wish to approve or modify the proposed legislation?

3. Senior Companion Program elimination

Background: The Senior Companion Program supports the delivery of volunteer light respite care and peer support services to frail elderly individuals, helping them live independently and remain in their homes. The Program provides a modest stipend to volunteers who are 60 years of age or older, who are low-income with an annual income at or below 12,000 per year, and who provide at least 20 hours of volunteer services per week. Last year, 474 seniors provided 317,000 hours of service to 3,059 seniors.

The program began as a pilot project in 1979. It was expanded statewide in 1998. Senior Companion currently operates at 30 sites across the state, 19 of which receive state, federal and local funds. Statewide, 11 sites only receive state funding. Constituency groups report that these 11 sites will close if they lose state funding.

Governor's Proposed Budget: The budget is proposing to **eliminate funding for the Senior Companion Program for savings of $2 million and proposing legislation to eliminate the statutory authority for the program.**

Subcommittee Request and Questions: The Subcommittee has requested the Department of Aging to respond to the following questions:

1. Provide a brief summary of the request.
2. Discuss the outcomes or benefits of the Senior Companion Program, the implications of these reductions to service beneficiaries, and any options available to mitigate the effects of the proposed reductions.
3. Discuss the need for the proposed legislation and whether alternatives such as a temporary suspension of the statute would satisfy the CDA's programmatic needs.
4. Discuss how this proposal will affect California's compliance with the *Olmstead* decision.

Budget Issue: Does the subcommittee want to approve the proposed reduction? Does the subcommittee wish to approve or modify the proposed legislation?

4. Foster Grandparent Program Elimination

Background: The Foster Grandparent Program supports the delivery of volunteer services to children with special needs. Foster grandparent volunteers serve premature babies, abused, neglected and chronically ill children, children with developmental disabilities, physically impaired children, emotionally disturbed children, delinquent children, and otherwise deprived children. Volunteers are stationed in a variety of settings including hospitals, juvenile halls, detention facilities, teen parenting programs, Head Start, and emergency shelters.

Foster Grandparent volunteers are low-income, sixty years of age or older, and are not members of the regular workforce. They volunteer twenty hours per week. Volunteers receive forty hours of orientation prior to assignment to a site and receive four hours of in-service training each month thereafter. Volunteers receive a modest stipend, a free meal or meal reimbursement on each day of service, and an annual free physical examination. Last year, 313 volunteers provided 197,000 hours of service to 4,770 special needs children.

The Foster Grandparent Program was created as a pilot project through legislation enacted in 1979 and it was expanded statewide in 1998. The program currently operates at 26 sites across the state, 19 of which receive federal, state and local funds. Statewide, 7 sites only receive state funding. Constituency groups report that these 7 sites will close if state funding is eliminated.

Governor's Proposed Budget: The budget is proposing to **eliminate funding for the Foster Grandparent Program for savings of $1.1 million and proposing legislation to eliminate the statutory authority for the program.**

Subcommittee Request and Questions: The Subcommittee has requested the Department of Aging to respond to the following questions:

1. Provide a brief summary of the request.
2. Discuss the outcomes or benefits of the Foster Grandparent Program, the impact of the proposed reductions, and any options available to mitigate the effects of the proposed reductions.
3. Discuss the need for the proposed legislation and whether alternatives such as a temporary suspension of the statute would satisfy the CDA's programmatic needs.

Budget Issue: Does the subcommittee want to approve the proposed reduction? Does the subcommittee wish to approve or modify the proposed legislation?

5. Brown Bag Program Elimination

Background: The Brown Bag Program provides surplus and unmarketable fruit, vegetables and other unsold food products to low-income persons who are 60 years of age or older and who are eligible for SSI/SSP. The program assists seniors in maintaining independence and having a healthy diet, supplements the food budgets of low-income seniors, and reduces food waste. **It provides seniors a yearly amount of food valued at $571, an amount roughly equivalent to a program participants' monthly income.**

The Brown Bag Program has been in effect since 1981 and operates through the Area Agencies on Aging who contract with 39 providers operating 600 sites statewide. **Participating providers are required to provide a cash match of 25 percent and an in-kind match of 25 percent prior to receiving program funds.** The participating nonprofit organizations, receive state funding to procure surplus food products from farm fields and grocery shelves for distribution to low-income elderly Californians. The organizations distribute the procured products from specified locations or deliver them to the senior's home. They establish priorities in service provision based on a senior's economic need.

The Brown Bag Program serves approximately 40,000 seniors statewide at a return for investment of $35 for each $1 of state funds. The demand and estimated need for the Brown Bag Program far exceeds available program services. Services comparable to those provided by Brown Bag are available through California's network of food banks.

Governor's Proposed Budget: The budget **is proposing to eliminate funding for the Brown Bag Program for savings of $865,000 and proposing legislation to eliminate the statutory authority for the program.**

The Department of Finance notes that the Budget maintains $11 million in direct funding to local entities for similar programs. Also, Area Agencies on Aging have the ability to transfer funds from other Community Based Services Program such as the Alzheimer's Day Care Resource Centers and Respite Purchase of Service to the Brown Bag Program, however, this flexibility is lost if the proposed legislation is adopted.

Constituency groups report that many communities, particularly communities that support small programs and programs in rural areas, will be forced to stop supporting and operating the Brown Bag Program. They write the proposed reduction will eliminate a cost-effective, largely volunteer run program, and will negatively impact the diets and health of thousands of California's most vulnerable seniors.

Subcommittee Request and Questions: The Subcommittee has requested the Department of Aging to respond to the following questions:

1. Provide a brief summary of the request.
2. Discuss the outcomes or benefits of the Brown Bag Program, the impact of the proposed reductions, and any options available to mitigate the effects of the proposed reductions.
3. Discuss the need for the proposed legislation and whether alternatives such as a temporary suspension of the statute would satisfy the CDA's programmatic needs.
4. Discuss how this proposal will affect California's compliance with the *Olmstead* decision.

Budget Issue: Does the subcommittee want to approve the proposed reduction? Does the subcommittee wish to approve or modify the proposed legislation?

6. Senior Nutrition Program Reduction

Background: The Senior Nutrition Program provides home delivered meals to frail, isolated or homebound seniors and provides meals to seniors in congregate settings. The program serves persons who are 60 years of age or older with priority granted to those in greatest economic or social need and to low-income individuals from underserved ethnic groups.

The **Senior Nutrition Program provides home delivered meals to 55,000 seniors who are homebound** due to illness, incapacity, disability, or who are otherwise isolated. Generally, program volunteers or staff members deliver a hot meal five days a week to clients. Reportedly, **for many seniors, home delivered meals are the only contact they have with the outside world and are critical to their ability to remain at home.** Without these visits, some seniors may face institutionalization in a nursing home.

The Senior Nutrition Program has been in effect since 1972 and is funded by federal Older Americans Act funds and state funds. Since 1984, California has provided a program overmatch to exclusively support the home delivered component of the program and address unmet needs for home delivered meals. The Senior Nutrition Program is operated by the network of Area Agencies on Aging and contracting providers and serves seniors statewide.

Governor's Proposed Budget: The budget is proposing to **eliminate the state over-match for the Senior Nutrition Program for general fund savings of $2.9 million.** The reduction will result in the loss of $4.7 million in federal matching funds and the elimination of 5,100 seniors from the program.

Subcommittee Request and Questions: The Subcommittee has requested the Department of Aging to respond to the following questions:

1. Provide a brief summary of the request.
2. Discuss the outcomes or benefits of the Senior Nutrition Program, the impact of the proposed reductions, and any options available to mitigate the effects of the proposed cuts.
3. Discuss how this proposal will affect California's compliance with the *Olmstead* decision.

Budget Issue: Does the subcommittee wish to approve the proposed reduction?

7. Consolidate the Department of Aging with the Department of Social Services

Background: The California Department of Aging (CDA) has administered funds allocated to California under the federal Older Americans Act to provide an array of services to seniors, including supportive services, nutrition programs, employment services, and preventive health services. CDA also administers a range of programs, supported by state and federal funds, that provide noninstitutional services for older Californians and functionally impaired adults. Prior to the establishment of CDA as a stand-alone department in 1975, the functions currently performed by the Department were the responsibility of the Office on Aging which was housed in the Governor's Office.

Although the CDA is the only department solely focused on programs that serve elderly Californians, it is not the only department operating programs that focus on this important constituency. The Department of Social Services, the Department of Health Services and the Department of Mental Health all administer programs that specifically serve seniors. **The Legislative Analyst proposes to consolidate many of the programs serving elderly Californians within the Department of Social Services.**

The Analyst recommends the elimination of the CDA and shifting departmental functions to DSS. By eliminating 37 positions, this consolidation results in net savings of $3,419,000 ($908,000, General Fund).

The Analyst argues that CDA and DSS have overlapping missions and administer similar programs, as both departments provide safety net services to low-income elderly seniors, assist seniors in maximizing their independence, and enable frail elderly Californians to live safely at home throughout their lifetimes. The LAO believes that combining programs that serve senior citizens into one division at DSS will result in program efficiencies and facilitate the linkage of recipients of the DSS programs to services currently offered by the CDA. Further, the Analyst contends that the proposed consolidation will benefit from economies of scale and reduce the ratio of administrations to actual program staff within the Department of Aging. **The LAO proposal is consistent with the structure of 29 other states that house Older Americans Act programs within a larger agency.**

The Analyst proposes the following reductions in state administration personnel:

	Proposed changes	Positions	Total Savings
Directorate	Eliminate the Director, Director's assistant, External Affairs Community Relations office, Chief Counsel and Legislative Deputy.	9	$ 578,522
Administration Division	Eliminates the entire division other than accounting and audit staff	27.9	$ 1,280,989
Total Salary Savings		**36.9**	**$ 1,859,511**
Estimated Benefit Savings	Estimated based upon above savings		$ 407,071
Total operating savings	Estimate based on total number of staff reduced		$ 1,158,135
Total Estimated Savings			**$ 3,418,717**

The Analyst proposes that Area Agencies on Aging (Triple A's) continue to deliver aging services. The DSS would contract and guide the Triple A's in the same manner as the CDA does.

Subcommittee Request and Questions: The Subcommittee has requested the Legislative Analyst Office to respond to the following questions:

1. Briefly describe your proposal.
2. Discuss how your proposal will affect the provision of services to elderly Californians and the state's ability to develop community treatment options consistent with the *Olmstead* decision.
3. Discuss how the state will assure adequate program accountability and sufficient focus on the needs of seniors within the consolidated department.
4. Discuss your decision to consolidate aging programs within DSS as opposed to in another department such as the Department of Health Services.

The Subcommittee has requested that the Department of Finance and the Department of Aging respond to the LAO proposal.

Budget Issue: Does the subcommittee wish to eliminate the Department of Aging and consolidate most aging programs within a single department?

8. Senior Wellness and Prevention Media Campaign (StayWell)

Background: The Senior Wellness and Prevention Media Campaign (StayWell) was initiated in 2000-01 with a $1 million General Fund appropriation to promote wellness by providing information on healthy aging practices to seniors, their families, caregivers, and health professionals. Funding was continued in the 2001-2002 and 2002-2003 fiscal years. Program funding has supported the development and implementation of the public education campaign to provide information to aging Californians about physical fitness, nutrition, physical and mental health. According to the Department of Aging, through the StayWell Program, the department has:

- convened an advisory group to develop partnerships and review and provide recommendations on wellness materials;
- distributed, across the state, educational/promotional materials available in multiple languages with the assistance of 1,600 community partners;
- purchased advertisement space on television and radio in three separate marketing areas that have the potential to reach more than 74 percent of the state's seniors.

Governor's Proposed Budget: The Budget **proposes $495,000 in funding for the StayWell program** to support the continued publishing and distribution of a quarterly or semi-annual newsletter, the development of a poster to advertise the CDA's toll-free number for health and resources information, and translation of materials into additional languages.

Subcommittee Request and Questions: The Subcommittee has requested the Department of Aging to respond to the following questions:

1. Briefly describe the StayWell program.
2. Describe the measurable outcomes and benefits of this program.

The Subcommittee has requested that the Legislative Analyst discuss the impact of reducing funding for the StayWell program. What else could these funds support other activities?

Budget Issue: Does the subcommittee wish to continue support of the StayWell program at the level of funding provided in the Budget?

9. National Family Caregiver Support Program

Background: Federal amendments to the Older Americans Act in 2000 created the National Family Caregiver Support Program (NFCSP) to support families in caring for their older family members and support older adults caring for young children. The program design was based in part on California's Caregiver Resource Center program, a network of 11 Caregiver Resource Centers funded by the Department of Mental Health, which for more than 20 years has provided support and assistance to families and caregivers who care for adults with cognitive impairments.

The NFCSP funds have been awarded to the California Department of Aging to be distributed through local Area Agencies on Aging (TripleA's) for support of the new program. Triple A's administer other community service programs funded under the federal Older Americans Act and have a state statutory requirement to provide integrated financing and local management of community based services. Each Triple A creates a plan that considers available data and population trends, assesses the local need for services, identifies sources for funding these services, and develops and implements a plan for delivery of services.

NFCSP funds must be spent on the following services:

- Information to caregivers about available services;
- Assistance to caregivers in gaining access to services;
- Individual counseling, organization of support groups, and caregiver training;
- Respite care to caregivers;
- Supplemental services.

Caregivers include persons providing care to seniors, and include grandparents or other relatives who are caregivers of grandchildren or children with developmental disabilities.

Since the National Family Caregiver Support Program was authorized, the Legislature has closely monitored its implementation to ensure the program is operated efficiently and does not duplicate the California's Caregiver Resource Center program. The Budget Act of 2001-2002 provided extensive implementation and reporting requirements, including that CDA report in November 2001, in March 2002, and again in March 2003 on the implementation of this new program. CDA has reported to the Legislature on the status of implementation activities to ensure that the new funds supplement, but do not supplant, existing services to caregivers and that they build on and coordinate with existing state-funded programs. They also reported on activities to ensure that local Triple A plans consider other sources of funding and services.

Governor's Budget: The total budget for the NFCSP program in the current year is $23.4 million ($19.4 million in federal funds and $4 million in local funds). The federal government has increased California's basic grant for the federal fiscal year 2003. CDA will provide a Spring letter, which will specify California's total new federal NFCSP funds. In addition, California will carry over funds from the current year estimated at $7.4 million. The budget assumes that the entire match will be provided at the local level.

Subcommittee Request and Questions: The Subcommittee has requested the Department of Aging to respond to the following questions:

1. Briefly describe California's NFCSP program, including how the program design was developed, how the program is structured and any documented program outcomes including the number of clients served.
2. Describe the status of efforts at the state and local levels to coordinate family caregiver services, including the new federal program and the existing state-funded program.
3. Describe the involvement of the Department of Mental Health and representatives from Caregiver Resource Centers in the design and implementation of California's NFCSP.
4. Describe additional opportunities for collaboration and options to maximize efficiency in the provision of family caregiver services.

Budget Issue: Does the subcommittee wish to approve California's NFCSP as budgeted?

10. Senior Farmers' Market Nutrition Program

Background: The federal government established the Senior Farmer's Market Nutritional Program (SFMNP) as a pilot program in 2000 to assist seniors in purchasing fresh fruits and vegetables at certified farmers markets. The program provides food coupons to low-income seniors and nutritional education. SFMNP is mostly funded with federal funds and receives $200,000 in state funds for the printing and distribution of food coupons.

The Department of Aging reports that the SFMNP is extremely popular with seniors and farmers and is effective in increasing senior consumption of fruits and vegetables. During its first year of operation the program served 50,000 low-income seniors and generated $1 million in sales at certified farmers markets. Last year, the federal government established SFMNP as a permanent program, which will allow the program to continue operating in California.

Governor's Budget: The budget **proposes a $1 million increase in federal funds and the use of $200,000 from the StayWell program to support the Senior Farmers' Market Nutrition Program.** The department plans to apply for an additional $2 million in federal funds and will submit a Spring letter to augment this baseline proposal if it receives the added federal funds.

Subcommittee Request and Questions: The Subcommittee has requested the Department of Aging to respond to the following questions:

1. Briefly describe the proposal including its estimated impact on low-income seniors and farmers' markets.
2. How many seniors will this program serve?
3. If received, will the additional $2 million in federal funds result in increased state costs?

Budget Issue: Does the subcommittee wish to approve the proposed augmentation to the Senior Farmers' Market Nutrition Program?

11. Long-Term Care Ombudsman Program Expansion

Background: Begun in 1972 as a demonstration program, **the Office of State Long-Term Care Ombudsman provides a range of services designed to protect persons receiving care from nursing homes and residential care facilities for the elderly**. The Ombudsman works to monitor and improve quality of care and quality of life. The Office, which is operated by staff and volunteers, is responsible for the investigation and resolution of complaints made by or on behalf of residents of skilled nursing facilities, distinct part skilled nursing facilities and residential care facilities for the elderly. Additionally, Office staff visit residents on a regular basis, provide consultations to facilities, train facility staff, and conduct community education sessions. **The California's Ombudsman serves residents of California's 7,400 SNF, Distinct Part SNF and RCFE facilities, which have a combined total of 277,000 beds.**

According to the Department of Aging in the 2000-2001 fiscal year, **the 128 paid local staff and 1,300 volunteer representatives of the Ombudsman investigated 25,957 complaints related to nursing home abuse**. The Department cites recent studies, which document high incidences of nursing home violations including that 44 percent of nursing homes not meeting minimum staffing levels and 15 percent of nursing homes having serious deficiencies in care. The Department argues that there are significant unmet needs for Ombudsman services in the state.

Governor's Budget: The budget **proposes a budget year increase of $2.3 million and a $2.2 annual increase thereafter, from the Federal Citation Penalty Account to expand Long-Term Care Ombudsman services.** This increase will leverage $1 million in federal funds in the budget year and $960,000 annually thereafter. The proposed augmentation will support a 50 percent increase of the Office and is part of the Governor's Long-Term Care Consumer Protection Initiative.

Subcommittee Request and Questions: The Subcommittee has requested the Department of Aging to respond to the following questions:

1. Briefly describe the proposed expansion of the Long-Term Care Ombudsman Program.
2. Discuss the impact of this proposal including its effect on quality of care and quality of life in nursing home and residential care facilities.
3. Discuss the structure of the Federal Penalty Account and alternative uses for the proposed funding.

Budget Issue: Does the subcommittee wish to approve the augmentation to the Long-Term Care Ombudsman?

4180 Commission on Aging

Background: The California Commission on Aging advises the Governor, the Department of Aging and other agencies at all levels of government regarding the problems and needs of older person in California. The Commission consists of 25 persons appointed by the Governor and Legislature. **The base funding for the operation of the Commission is provided from federal Aging funds, in the amount of $296,000 for the budget year, significantly below current year funding**. The Commission's tasks include:

- Serve as the principal advocate body in the state on behalf of older individuals;
- Participate with the Department of Aging in training workshops for older Californians to understand legislative and program processes;
- Participate with the Department of Aging in the development of the State Plan on Aging;
- Meet at least six times annually to study problems of older individuals, present findings, and make recommendations, including through the publishing or dissemination of information;
- Hire an executive director and, within budget limits, such staff as may be necessary;
- Develop, with the Department, a method for the selection of delegates to the statewide legislative meeting of senior advocates;
- Meet and consult with area agency on agency advisory councils.

The Commission also sponsors, coordinates and convenes the California Senior Legislature (CSL). The Commission provides staff and other administrative support to the CSL throughout the year. The functions of the CSL are supported by voluntary contributions made through a check-off included on personal income tax forms. These contributions are collected and disbursed through the California Fund for Senior Citizens**. The budget anticipates that $296,000 will be spent for this purpose in the budget year**. This is $47,000 more than the current year funding, to support biennial elections. Budget year activities will include six meetings of the Rules and Legislation Committees of the CSL.

Current law also provides a personal income tax credit for taxpayers who are 65 years of age or older. Seniors who qualify for the exemption may contribute their tax credit to a California Seniors Special Fund. The first priority for these funds is to support the Area Agency on Aging Advisory Council of California (TACC) for advocacy for senior citizens. The TACC surveys the 33 local Advisory Councils to Area Agencies on Aging, and shares information and best practices among the Councils. **The budget for this function is anticipated to be $62,000 in the budget year**.

Subcommittee Request and Questions: The Subcommittee has requested the Commission of Aging respond to the following questions:

1. Describe the impact of the proposed reduction on the Commission's ability to achieve its core functions.
2. Describe how the Commission operates including its relationship with the Department of Aging.
3. Describe how the Commission's operation will be affected by the Legislative Analyst's proposal to consolidate the Department of Aging with the Department of Social Services.

4700 Community Services and Development Department

The Department of Community Services and Development administers programs in three main areas: (1) Low Income Home Energy Assistance Programs (LIHEAP and CaLIHEAP), (2) Department of Energy Weatherization Assistance Program (WAP), and (3) federal Community Services Block Grant. The department also verifies eligibility of applicants for the California Alternative Rates for Energy Program offered by utility companies, administers the Naturalization Services Program and the Lead-Based Paint Abatement and Prevention Program, and participates in the multi-department California Mentor Program for at-risk youth. Programs are administered through a statewide system of community agencies. **The Governor's Budget proposes to eliminate the Department of Community Services and Development and to transfer its responsibilities to the Department of Social Services.**

The Senate and the Assembly approved reverting to the general fund $285,000 appropriated to the Department of Community Services and Development by the Budget Act of 2002.

Summary of Expenditures (dollars in thousands)	2002-03	2003-04	$ Change	% Change
General Fund	$5,378	$0	-$5,378	
Petroleum Violation Escrow Account	0	0	0	
Federal Trust Fund	150,902	0	-$150,902	
Reimbursements	9,235	0	-$9,235	
Energy Programs	[97,959]	[0]		
Community Services	[60,932]	[0]		
Naturalization Services	[6,624]	[0]		
Total	$165,515	$0	-$165,515	-100.0

ITEMS FOR DISCUSSION

1. Consolidation of the Department of Community Services and Development into the Department of Social Services

Background: Since its inception in 1964 to provide technical assistance to local agencies developing and administering community action programs, the Department of Community Services and Development has been restructured several times. The program has been consolidated with the Employment Development Department and with the Health and Human Services Agency. Since 1996, the department has existed as a stand-alone department within the Health and Human Services Agency.

The department's primary responsibility is to administer the Low Income Home Energy Assistance Programs, the Department of Energy Weatherization Assistance Program, and the federal Community Services Block Grant. It also verifies eligibility of applicants for the California Alternative Rates for Energy Program, administers the Naturalization Services Program and the Lead-Based Paint Abatement and Prevention Program, and participates in the California Mentor Program.

Governor's Budget: The budget **proposes to consolidate the Department of Community Services and Development with the Department of Social Services** to improve efficiency in state government. The budget **assumes a reduction of $922,000 in state administration costs** and proposes to shift these funds to local assistance. **The proposal will not result in any general fund savings.**

The effect of this proposal on program accountability and the ability of community action programs to operate efficiently may hinge on factors that are currently undefined. For example, the Governor's Budget does not specify what branch of the Department of Social Services (DSS) will assume the responsibilities transferred from the Department of Community Services and Development. The budget and proposed legislation do not outline the organizational structure or principles that will guide program implementation within DSS. The proposal appears to lack mechanisms to assure the federal grants are administered in a centralized manner and to provide clear channels of responsibility and accountability.

Subcommittee Request and Questions: The Subcommittee has requested that the Department of Community Services and Development, the Department of Social Services and the Department of Finance respond to the following questions:

1. Briefly describe the proposed consolidation.
2. Discuss what branch of the Department of Social Services will assume the transferred responsibilities.
3. Discuss how the Administration will ensure the federal grants are administered in a centralized manner and that there are clear channels of responsibility and accountability.

Budget Issue: Does the subcommittee wish to approve the proposed consolidation?

2. Naturalization Services Program Elimination

Background: The Naturalization Services Program assists legal permanent residents to obtain citizenship. It conducts outreach, provides citizen preparation and assistance, skills assessments, and advocacy/follow-up. Program services are provided through contracts with community-based organizations across the state. The program assists an average of 7,400 individuals per year in the completion of citizenship applications. The average expenditure per person served is $350.

The Naturalization Services Program was established in 1998. The Budget Act of 1998-1999 provided $2 million in initial funding for this program. The program grew to $7 million in 2000-01. Last year the Governor's Budget proposed a significant funding reduction to this program. The Legislature restored and the Governor sustained $6.9 million (2.9 million general fund) in total funding for this program.

California receives federal funding for English as a Second Language (ESL) and ESL-Citizenship programs. Historically, the Department of Education has not been able to fully expend the funding for ESL-Citizenship. Frequently the funding for ESL-Citizenship has been redirected to basic Adult Education ESL programs. Last year, the Legislature appropriated $5 million of these federal education dollars to NSP. The federal government denied California's request to use these dollars to fund NSP. The federal action resulted in total funding of $2.9 million for the NSP in 2003-2004.

Governor's Budget: The budget **proposes to eliminate the Naturalization Services Program** to realize savings of $7.9 million ($2.9 million general fund).

Numerous constituency groups have written in opposition of this proposal. They write that the Naturalization Services Program contributes to the successful integration of immigrants and reinforces the principles of democracy. They argue that the program is critical to the continued employment of immigrants and to economic growth. They cite the recent federal law change that requires that airport screeners be citizens as another example of the impact of citizenship on an individual's employability. Opponents assert that this program maximizes California's use of federal funds as it makes some immigrants eligible for federally funded program and reduces demand for state funded social services programs. Lastly, opponents write that without this program many low-income immigrants will be intimidated by the immigration process and will not seek citizenship.

Subcommittee Request and questions: The subcommittee has requested that the Department of Community Services and Development respond to the following questions:

1. Describe briefly the proposed program elimination.
2. Report on the number of individuals served by this program, the types of services provided by this program, the cost per individual served, and the program's outcomes.
3. Discuss the impact of this reduction and the availability of programs or resources that may mitigate the effects of this reduction.

Budget Issue: Does the subcommittee wish to approve the proposed reduction and program elimination?

4. California Mentor Program Elimination

Background: The California Mentor Program supports community-based organizations that operate mentoring programs serving at-risk youth. The program seeks to increase the number of trained mentors, and increase the number of mentor-mentee matches. It also seeks to increase the number of mentor hours available, and to increase awareness and support of local mentor programs. Lastly, the program works to reduce the rate of teenage pregnancy, alcohol and drug use, school dropout and gang violence.

The program has been in existence since 1995. It was initially funded with the department's discretionary fund and it became a general fund supported program in 1998. Each year, the program supports the creation of 2,000 mentor-mentee matches and the resulting provision of mentoring services to youth. The program supports the activities of Boys and Girls Clubs and other similar organizations serving at-risk youth.

Governor's Budget: The budget **proposes to eliminate the California Mentor Program for general fund savings of $1 million.**

Subcommittee Request and questions: The subcommittee has requested that the Department of Community Services and Development respond to the following questions:

1. Briefly describe the proposed program elimination.
2. Report on the outcomes from this program.
3. Discuss the impact of this reduction and the availability of programs or resources that may mitigate the effects of this reduction.

Budget Issue: Does the subcommittee wish to approve the proposed reduction and program elimination?

4. Community Services and Development Block Grant – Oversight Issue

Background: The Community Services Block Grant Program (CSBG) provides funding to assist low-income families with the following tasks:

- To obtain education and job training
- To secure employment and housing
- To solve problems that prevent stable family living and economic independence
- To better manage available income
- To meet nutritional and health care needs
- To raise healthy children
- To achieve greater participation in community affairs

California expends Community Services Block Grant funds based on requirements stipulated in state and federal laws. The Department of Community Services and Development distributes CSBG funding to local community action agencies based on a formula that considers various factors including the number of low-income persons, migrant and seasonal farm workers, Native American Indian programs, Community action agencies and rural community services in a given geographic area.

The CSBG program is entirely federally funded. Most of the public and private agencies which provide CSBG services also provide LIHEAP, Head Start, Food and Nutrition, Adult Education, Foster Grandparent and other Aging Services, Community Development Block Grant, and other services designed to meet the need of low income families. The services provided by community action agencies are extremely important to low-income people particularly in dire economic times.

The subcommittee has recently learned that the department informed the federal government of the existence of $5.1 million in unspent CSBG local assistance funds and expressed its willingness to relinquish these funds to the federal government. The department wrote that prior to 1996 it had been accumulating and carrying forward unused drawn-down federal dollars. These funds totaled $5.1 million in 1995. At that time, the department used these funds prior to drawing down current grant funds. The department has maintained the balance of $5.1 million to date.

In November 2002, the department wrote to the federal government to inform them of the existence of these unspent funds. The department **requested formal authority to expend these funds** for local assistance. The department **also expressed its willingness to relinquish the $5.1 million or otherwise comply with any solution the federal government recommends.**

After expressing its willingness to return the unspent funds to the federal government, the department states that the demand for services to low-income Californians far exceeds the funding available. The director writes that the number of persons living in poverty in the state has grown at a significantly higher rate than the overall population. Lastly, the department's letter to the federal government states that using the $5.1 million in unspent funds for local assistance will help the state cope with the loss of federal funding due to proposed reduction of CSBG funds.

The department argues that writing to the federal government to inform them of the existence of these unspent funds was needed to obtain the necessary authority to expend the $5.1 million in unspent funds. Department staff reports that the federal government has expressed initial willingness to authorize California's expenditure of these funds.

Subcommittee Request and questions: The Subcommittee has requested that the Department of Community Services and Development respond to the following questions:

1. Describe how California came to have $5.1 million in unspent CSBG funds.
2. Report when the Department became aware of the existence of these unspent funds, what it decided to do about the unspent funds and why it did not share this information with the Legislature and with the appropriate constituency groups.
3. Discuss why the Department decided to express its willingness to relinquish these funds or otherwise comply with any solution the federal government recommends at time of record general fund shortfalls.

5180 Department of Social Services – Community Care Licensing

The Department of Social Services Community Care Licensing (CCL) establishes standards for, and oversees eighteen types of community facilities that provide care and supervision to Californians. These facilities include adoption agencies, foster care homes and agencies, childcare homes and centers and residential care facilities for disabled and elderly adults. In addition, 42 counties license foster homes under contract with the Department of Social Services and 7 counties license family child care homes under similar contracts. The state monitors approximately 85,000 homes and facilities, with a capacity to serve more than 1.4 million individuals.

CCL offers provider orientations; applicant screenings; health and safety, staffing and financial regulations; and pre-licensing facility visits to applicants and potential applicants for community care licenses. CCL visits licensed facilities regularly, responds to complaints, and exercises a variety of enforcement actions, including consultation, fines and penalties. As a last resort, CCL pursues license suspension or revocation.

In recent years, the Legislature has added responsibilities to CCL including administration of the TrustLine system, which conducts background checks on child care providers and babysitters that are not required to be licensed, to inform parents or other payers about criminal records or prior allegations of child abuse. The CCL Division also offers various information, training, and other capacity building services to provide more quality childcare. It provides training and technical support to small residential providers such as foster parents; provides financial oversight of residential communities that provide long-term continuing care contracts to residents; and supervises a certification program for administrators of residential care facilities.

The budget proposes $115.7 million ($99.5 million General Fund) for this function in the budget year.

ITEMS FOR DISCUSSION

<u>1. Reduced Frequency of Site Visits to Facilities Licensed by the Department of Social Services' Community Care Licensing Division</u>

<u>Background:</u> The Department of Social Services is responsible for licensing adoption agencies, foster care agencies and homes, childcare homes and centers and residential care facilities for disabled and elderly adults. As part of its licensing function, the **Department of Social Services conducts pre- and post- licensing site visits, and visits facilities when conducting investigations regarding incident reports and complaints.** The DSS is also required to visit annually licensed foster family agencies, group homes, residential care facilities for persons with disabilities and elderly individuals, foster family homes, and childcare centers. DSS visits childcare homes triennially.

The chart below illustrates facilities visited by DSS in 2002:

FACILITY TYPE	CASELOAD (DEC 02)	PRE/POST LICENSING VISITS	ANNUAL/ TARGETED VISITS	COMPLAINT/ CASE MANAGEMENT VISITS
All Residential Care Facilities (Foster Family Homes, Small Family Homes, Group Homes, Transitional Housing Placement Program, Adult Residential Care, Social Rehabilitation Facility, Residential Care Facilities for the Elderly)	16,914	3,925	7,708	10,845
Residential Care Facilities for the Chronically ill	28	3	27	14
Foster Family and Adoption Agencies	570	188	135	1,331
Adult Day Programs (Adult Day Care and Adult Day Support Center)	713	180	182	253
Family Day Care (Family Child Care Homes)	41,250	11,753	6,892	5,661
Day Care Centers (Child Care Centers for Children, Infants, School Age, and Mildly ill Children)	14,522	1,688	3,213	4,475

- FACILITY TURNOVER: The annual turnover rate is 20% of the caseload. Each newly licensed facility receives a prevention visit (pre-licensing & post-licensing inspections) in that year.

- FACILITY VISITS: The majority of visits to facilities are for purposes other than a yearly inspection (annual & targeted visits). These visits are for prevention and enforcement inspections.

Budget reductions sustained by the Community Care Licensing Division during the 1990s significantly reduced the length and thoroughness of the required annual inspections. According to the department, annual inspections have become procedural in nature and focus. They tend to focus on the actual physical conditions of a facility, whether a facility meets the required building specifications, meets the appropriate staffing requirements, posts the relevant notices, etc. The inspections generally do not involve less serious matters such as client's phone use, reporting doctor's visits, maintenance of immunization records, keeping records of client's incidental monies or availability of planned activities. The visits also are virtually announced as the department solicits information necessary to conduct the visit in the month preceding the inspection.

Budget reductions sustained by the CCLD in the last two years as a result of unallocated budget cuts have curtailed further the department's licensing activities. The department has decided to cope with budget reductions by establishing priorities among its statutorily required activities. **The department has prioritized the investigation of serious incident reports within the required 24-hour period. It has also prioritized conducting site visits for complaint investigations within the required 10-day period.** The annual or triennial visits are considered a lower priority. **DSS reports that it is often not meeting the statutory requirement that facilities be visited on an annual basis.**

A recent workload analysis of the CCLD conducted by an independent entity confirms the department's assessment that existing resources are insufficient to meet statutory requirements. As a result of the imbalance between available resources and required activities, the department is proposing to significantly change the existing licensing methodology.

<u>Governor's Budget:</u> The Governor's Budget proposes to **eliminate the required annual or triennial visits and proposes an alternative methodology for visiting licensees. It reduces the CCL budget by $7.6 million ($5.8 million general fund) and eliminates 57.9 permanent positions as a result of the proposed changes.** The proposed reduction of $7.6 million is comprised of a $4.5 million reduction in local assistance and a $3.1 million reduction in state operations.

The budget proposes to eliminate the requirement that licensees be visited annually or triennially and instead requires the department to visit annually the following facilities:

1. Facilities owned or operated by a licensee on probation or against whom an accusation is pending;
2. Facilities subject to a plan of compliance requiring an annual inspection;
3. Facilities subject to an order to remove a person from a facility;
4. Facilities that require an annual visit as a condition of federal financial participation such as facilities serving adults with developmental disabilities.

All other facilities would be subject to an annual inspection based on a 10 percent random sampling method. The department will continue to visit on an annual basis foster family agencies, adoption agencies, small family homes, adult residential facilities, residential care facilities for the chronically ill, transitional housing placement programs, child care centers for the mildly ill, and social rehabilitation facilities.

The department estimates that proposed changes to current annual and triennial visit requirements will result in 20% of licensees being visited every year. In addition to these visits, the department will continue to conduct pre- and post- licensing visits, to investigate all complaints and incident reports within the required timeline, and to conduct legally required visits.

The proposal does not require that facilities be visited once within a specified period of time. Therefore, the proposed changes may lead to significant differences in the duration of time between facility visits. Some facilities may continue to receive annual visits while others are not inspected in 10 years.

Groups that represent individuals served by the licensing facilities generally oppose the Governor's proposal. Advocates for seniors and foster youth are particularly opposed to reductions in the number of visits made by DSS to licensed facilities. They argue that current oversight requirements are insufficient. They cite significant rates of health and safety violations in facilities that serve the elderly and youth as evidence that more, not less inspections are needed. Advocates for foster youth contend that diminished state oversight will be detrimental to the quality of care provided to youth, and may increase the number of violations that occur. They argue that worsening of conditions in foster care system may lead to new legal actions and more expensive court ordered oversight requirements.

Representatives of local government write in opposition to the proposed budget reduction of local assistance funding. They argue that the proposed reduction may result in additional under funding of local government entities, as the proposal is not based on their program costs or on an analysis of their workload.

The department asserts that this proposal will maintain the most important components of its licensing program and will increase the effectiveness of visits as they will be targeted and unannounced. DSS comments that annual visits result in about 8 percent of the total corrective actions ordered by the department. Most corrective actions undertaken by the DSS are the result of complaints. The department argues that this proposal will enable the CCLD to focus on the oversight mechanisms most critical to assuring health and safety.

Subcommittee Request and Questions: The subcommittee has requested that the Department of Social Services answer the following questions:

1. Describe briefly the proposed modifications to current visit requirements.
2. Discuss its impact on patient or client safety.
3. Discuss its effect on revenues resulting from fines assessed as a result of violations identified during annual visits.
4. Discuss how the department currently discovers violations and the steps it takes to bring facilities into compliance.

Budget Issue: Does the subcommittee wish to **modify existing requirements that CCL visit licensees on an annual or triennial basis and adopt the resulting savings?**

2. Investigation of complaints against certified family homes

Background: Foster family agencies were created in the 1980s to provide placements in a family setting as an alternative to group homes, to increase the availability of foster care placement resources, and to provide an enhanced level of services to foster children and families. They recruit, certify and contract with family homes to provide the actual placement services. The agencies are responsible for placing foster youth with the certified family homes, for monitoring the placement and for providing some case management services to the youth. Foster family agencies provide approximately 40 percent of first time foster care placements.

Foster family agencies are licensed by the Department of Social Services. As part of their license, foster family agencies are allowed to certify family homes for their exclusive use. The agencies are responsible for monitoring the homes they certify. **Historically, foster family agencies were responsible for investigating complaints filed against certified foster homes.**

High profile incidents of abuse and maltreatment of foster youth and the debate ensuing from these incidents triggered Senate Bill 933, a comprehensive legislative reform of the foster care system. SB 933 (Thompson), Chapter 311, Statutes of 1999, was enacted to improve the quality of care within the foster care system and to increase program accountability. It established rigorous licensing requirements for foster care providers, it prohibited the placement of foster youth with unlicensed out-of-state providers, and required DSS to investigate complaints filed against foster care providers.

Senate Bill 933 also transferred the responsibility for investigating complaints lodged against certified family homes from licensed foster family agencies to the Department of Social Services. This transfer was partially motivated by the Legislature’s concerns regarding potential conflict of interest for foster family agencies. Foster family agencies contract with or operate certified foster homes to provide placements for foster youth. FFA earnings are based on the number of youth they place with these homes. They are structurally reliant on FFAs and on the continued availability of CFHs. Therefore, FFAs may be reluctant to investigate a complaint that may result in the loss of one of their providers or partners. Given this relationship, **the Legislature transferred responsibility for investigating complaints from FFAs to DSS to avoid conflicts of interest and ensure the safety of foster youth.**

The department reports that **the transfer of responsibility for investigating complaints involving certified foster homes from foster family agencies to DSS has resulted in significantly more workload than initially estimated.** The Department initially estimated 11,619 complaints associated with certified family homes per year, as compared to complaints associated with 13,821 certified family homes in fiscal year 2001-2002. According to the department seventy-five percent of these complaints involve Levels 3 and 4 or less serious allegations such as confidentiality breaches, physical punishment that does not result in bodily harm, and lack of variety or distasteful food.

Governor's Budget: The budget **proposes to transfer responsibility for the investigation of less serious certified family home complaints to foster family agencies resulting in a budget year savings of $1.1 million (714,000 General Fund)**. The proposal would eliminate 26.1 PY at the State's Community Care Licensing Division.

The budget proposes to transfer responsibility for investigating Level 3 and 4, or less serious complaints, to foster family agencies. The following are examples of Level 3 and 4 complaints:

- Spanking of children - no marks.
- Forcing a child to stand in a corner as punishment
- Not providing a child with an allowance
- Allegation of serving the same food every day or food the youth dislike
- Allegations that the foster parent breached confidentiality

The department will review all complaints filed against a certified family home, regardless of who receives the complaint. DSS will determine the level of the complaint and decide who will investigate the complaint based on whether the complaint is "serious" or "non-serious". DSS will refer "non-serious" complaints to foster family agencies, and will require the agencies to investigate the complaints, document their investigation, including their findings and corrective action. DSS will review the records of investigations during site visits.

DSS will continue to investigate Level 1 and 2, or serious complaints. These complaints may involve sexual abuse, physical abuse resulting in injury, suspicious death, unlicensed operation, and inappropriate sexual behavior or touching.

Subcommittee Request and Questions: The subcommittee has requested that the Department of Social Services answer the following questions:

1. Briefly describe the proposed transfer of responsibility to investigate Level 3 and level 4 complaints from DSS to FFAs.
2. Discuss its impact on the safety of youth receiving services from FFAs.
3. Discuss the potential conflict of interest for FFAs.

Budget issue: Does the subcommittee wish to approve the proposed transfer and adopt savings associated with the transfer?

3. Increases fee revenue to support the CCLD.

Background: **California began assessing fees from a wide range of facilities licensed by the Department of Social Services in 1992.** The fees were established to cover a modest portion of the costs for the state's licensing program. They are assessed on a per facility basis, with the exception of fees levied on child care centers operating more than one facility. Certain childcare centers pay no more than $500 for a combined facility capacity of up to 1,000 children and $1,000 for 1,000 or more children. **CCLD fees range from $25 to several hundred and in some cases thousands of dollars.**

The CCLD fees are consistent with state policy designed to assure providers and licensees partially finance the cost of regulatory programs. Similar fees are assessed on managed care plans, physicians, lawyers, water agencies, public health professionals, and licensing of health facilities such as skilled nursing facilities and intermediate care facilities.

Since established in 1992, the DSS fees have remained unchanged. They generate $8.9 million in revenues, approximately 7.8 percent of the Community Care Licensing Division's budget.

Governor's Budget: The budget and implementing legislation **propose to: (1) increase the CCLD fees, (2) establish a new fee on foster family agencies based on their number of certified homes, and (3) eliminate the cap on certain child care center fees, to generate an additional $5.5 million in revenue**. The new revenue is comprised of $4.9 million from the proposed fee increases and $585,000 from the proposed new foster family agency fee.

The budget doubles license fees for childcare centers and family child care homes. It increases fees for residential facilities for the elderly or chronically ill and fees for adult day care by 25 percent. It imposes a new fee of $45 per home on foster family agencies that will be based on the number of foster homes they certify. Lastly, the proposal will eliminate the $500 and $1,000 maximum fees assessed from childcare centers that operate more than one facility.

The chart below illustrates the current fees and the proposed fees:

Existing & Proposed Fees by Facility Type FACILITY TYPE	CAPACITY	CURRENT FEE	PROPOSED FEE
All Residential Care Facilities (Small Family Homes, Group Homes, Transitional Housing Placement Program, Adult Residential Care, Social Rehabilitation Facility, Residential Care Facilities for the Elderly)	1 to 6	$300	$375
	7 to 15	$450	$563
	16 to 49	$600	$750
	50 and up	$750	$938
Residential Care Facilities for the Chronically ill	1 to 6	$200 + $8/bed (annual fee only)	$250 + $10/bed (annual fee only)
	7 to 15	$250 + $8/bed (annual fee only)	$313 + $10/bed (annual fee only)
	16 to 25	$300 + $8/bed (annual fee only)	$375 + $10/bed (annual fee only)
	26 to 50	$350 + $8/bed (annual fee only)	$438 + $10/bed (annual fee only)

Existing & Proposed Fees by Facility Type FACILITY TYPE	CAPACITY	CURRENT FEE	PROPOSED FEE
Foster Family and Adoption Agencies	N/A	$1,000	$1,250
Adult Day Programs (Adult Day Care and Adult Day Support Center)	1 to 15	$50 (annual fee only)	$75 (annual fee only)
	16 to 30	$100	$125
	31 to 60	$200	$250
	61 to 75	$250	$313
	76 to 90	$300	$375
	91 to 120	$400	$500
	121 and up	$500	$625
Family Day Care (Family Child Care Homes)	1 to 8	$25	$50
	9 to 14	$50	$100
Day Care Centers (Child Care Centers for Children, Infants, School Age, and Mildly ill Children)	1 to 30	$100	$200
	31 to 60	$200	$400
	61 to 75	$250	$500
	76 to 90	$300	$600
	91 to 120	$400	$800
	121 and up	$500	$1,000

Note: Fees pertain to original application fees and annual renewal fees, unless otherwise noted.

Some constituency groups have written in opposition to the proposed fee increases arguing that the proposed fees will direct money away from client services and towards support of the state's bureaucracy. They note that their situation is different, as unlike other licensees the state is the principal payer for services provided by licensees of the Department of Social Services. They are generally subject to the reimbursement structures and levels established by the DSS and cannot "raise" their prices to cover the added business costs of higher or new fees.

Due to the state's fiscal situation, many of these entities have not received rate increases in the last two years. **Opponents argue that they have had to cope with higher business costs at a time of stagnant reimbursement rates and that increased or new fees at this time will result in unfair additional business costs.**

Subcommittee Request and Concerns: The subcommittee has requested that the department of Social Services respond to the following questions:

1. Briefly describe the proposal.
2. Describe the impact of the proposal to licensees and its effect on current provider rates in the state's foster care, childcare and health care programs.
3. Describe the total revenues generated by this proposal as a percentage of the cost of licensing and overseeing these facilities.

Budget issue: Does the subcommittee wish to adopt the proposed fee increases and establish a new fee for certified family homes, and eliminate the cap on certain childcare center fees?

4. Childcare Substitute Employee Registry Pilot Program – Staff increase

Background: SB 646 (Ortiz), Chapter 669, Statutes of 2002, authorized the DSS to operate the Childcare Substitute Employee Registry Pilot Program to provide childcare facilities a pool of potential substitute staff who have received a criminal background clearance. It sought to address the shortage of childcare staff, to enhance client safety and to create a viable alternative to continue the state's substitute registry program. The law permits the creation of registries to recruit and refer criminally cleared substitute staff to licensed childcare facilities in 11 counties including Alameda, Contra Costa, Monterey, San Benito, San Francisco, San Luis Obispo, Santa Barbara, Santa Clara, Santa Cruz, San Mateo, and Ventura. SB 646 also authorizes DSS to charge registry providers an offsetting administrative fee.

Governor's Budget: The budget proposes the creation of 2.1 new limited term staff, at a cost of $133,000, to implement SB 646.

Subcommittee request and questions: The subcommittee has requested that the Department briefly describe the budget proposal.

Budget issue: Does the subcommittee wish to approve the creation of 2.1 new limited term staff positions?